

United States Senate  
WASHINGTON, DC 20510

June 26, 2001

The President  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20502

Dear Mr. President:

The Department of Defense has announced that the Administration is requesting an additional \$18.4 billion in discretionary budget authority for defense (function 050) programs in fiscal year 2002. This amount would be over and above the placeholder request of \$325.1 billion submitted in April. The total of \$343.5 billion in funding requested for 2002 is more than \$32 billion higher than the level enacted for 2001 – representing an increase in defense appropriations of more than 10 percent while the Congressional Budget Resolution allows spending for nondefense discretionary programs to grow by less than four percent.

As you know, I have been pressing for increased resources for defense to address immediate readiness and personnel needs and to facilitate the retooling of our armed forces to meet the evolving threats of the new century. During consideration of the Budget Resolution and the tax cut, I expressed concern that large tax cuts would make it difficult to provide these needed increases in defense funding. I supported amendments by Senators Landrieu and McCain which would have reduced the tax cut in order to provide additional resources for defense. Unfortunately, these amendments were defeated.

Today, I am even more concerned that additional funding may not be available to meet real defense needs. Revised budget projections by CBO show that with the tax cut, and assuming enactment of spending legislation called for in the Budget Resolution, the non-Social Security, non-Medicare surplus will be completely exhausted in 2003 and 2004 and the Medicare Hospital Insurance Trust Fund will be raided in those years – before accounting for the effect of the Administration's request for an increase in defense spending. Under current projections, there is some room available in 2002 for increases in spending above the level assumed in the budget resolution, but economic growth that is slower than was anticipated several months ago could cause even this to evaporate.

In the tight fiscal environment created by the tax cut and a slowing economy, the active assistance and cooperation of the Administration will be required to ensure that sufficient resources can be provided for defense while fiscal responsibility is maintained.

First, the Congress needs to have full information about the long-term spending implications of the Administration's 2002 defense budget amendment. To ensure continuity in defense budgeting and planning, the Pentagon is required under law to include a future years spending outline with its budget request. The Administration has not yet submitted a realistic long-range defense plan. It should provide such a long-term plan along with the 2002 budget amendment. Although I agree that we need a comprehensive defense review and understand that it has taken longer than expected and has significantly delayed budget decisions, Congress cannot make an informed decision about 2002 funding for defense without information about how this year's decisions will affect future defense spending and how that spending fits into a fiscally-constrained long-range budget.

I would also like to know how the Administration believes the additional defense spending can be paid for if the economic outlook deteriorates and the non-Social Security, non-Medicare surplus for 2002 is wiped out. Even if the economy does not worsen, the Administration still needs to explain how the outyear effects of a defense increase in 2002 can be accommodated without further raiding the Medicare H.I. Trust Fund in 2003 and 2004 and perhaps causing a raid in subsequent years.

Finally, I urge the Administration to provide the Congress with full details about the 2002 defense budget request as soon as possible. As it stands, the Congress will be hard pressed to complete work on 2002 defense legislation before the start of the new fiscal year. Any further delays in submission of a detailed 2002 budget request will only make it harder for the Congress to meet its responsibility to finish action on appropriation bills in a timely manner.

I greatly appreciate your efforts to provide the Congress with full information about the Administration's defense budget plans, and look forward to working with you to ensure that sufficient resources will be available to meet national defense needs without sacrificing fiscal responsibility.

Sincerely,



KENT CONRAD  
Chairman  
Senate Budget Committee

cc:

The Honorable Donald Rumsfeld  
Secretary of Defense  
The Honorable Mitch Daniels  
Director, Office of Management and Budget